

MINUTES

VIRGINIA SMALL BUSINESS FINANCING AUTHORITY BOARD OF DIRECTORS MEETING - LOAN BUSINESS

January 19, 2005 - 10:00 A.M.

**8th & Main Building, 3rd Floor Conference Room
Richmond, Virginia**

- I. Voting members present: Andy Brownstein, Rick Brown, Hattie Hamlin, Jim Cheng, Jeff Jones, Leon Moore, Bob Young (for the Honorable Jody Wagner), and Mike Eisenman.
Others present: The Honorable Michael Schewel, Scott Parsons, Seth Ginther, Elizabeth Moran, Patty Thorne, Mark Heede, Barbara Carter, Anna Mackley Cobb, Julie Tidovsky-James, Patricia Morris, Lindsay Trittippoe (NatLUST), and Arthur Andersen (McGuireWoods).
- II. Approval of Minutes - On a motion by Leon Moore, seconded by Rick Brown, the minutes of the October 20, 2004 Board of Directors - Loan Business Meeting were unanimously approved. (Jim Cheng was not present for the vote.)
- III. Presentation on Virginia Works by the Secretary of Commerce and Trade - Secretary Michael J. Schewel spoke to the Board about a specific portion of the Virginia Works Initiative, the proposed new Virginia Community Development Bank. The presentation was followed by discussion and questions/answers for the Secretary.
- IV. Taxable Bond Program Application
 - A. National LUST Program Fund (dba NatLUST) - City of Richmond - \$5,000,000 bond. Mark Heede reviewed for the Board this application and IDB to fund a nationwide leaking underground storage tank claim program. On a motion by Rick Brown, seconded by Leon Moore, the Board of Directors unanimously adopted an inducement resolution authorizing the issuance of taxable bonds to fund the NatLUST claim program. (Hattie Hamlin abstained from the vote. Mike Eisenman was not present for the vote.)

- V. Board Review and Ratification of Loans Approved and Declined by Staff - On a motion by Leon Moore, seconded by Rick Brown, the loan decisions of \$500,000 or less approved and declined by staff for September through December 2004 were unanimously ratified.

- VI. Monthly Report to the Board on Loan Volume and Fiscal Year Status - Scott Parsons reviewed for the Board the monthly loan activity report for Fiscal Year to Date 2005 showing the status of the VSBFA loan portfolio. Mr. Parsons noted that the format of the report was changed to show the portfolio status on a new fund accounting report.

- VII. Presentation on VSBFA Highlights and Virginia Works - Scott Parsons presented to the Board highlights of VSBFA's activity as it relates to the Economic Development Loan Fund and the impact of the Virginia Works Initiative on the loss of this program by VSBFA. Discussion ensued after the presentation which resulted in the Board's unanimous vote to submit a letter to the Governor expressing the Board's displeasure over the abolition of the Virginia Economic Development Loan Fund (VEDLF) as outlined in HB 2061 and the transfer of all assets of the VEDLF to the proposed Community Development Bank (CDB) as outlined in the FY2006 budget bill. It was the opinion of the Board that the proposed CDB is duplicative of the efforts of the VEDLF, that no substantial evidence of need for this CDB has been demonstrated, that certain geographic areas of the Commonwealth will go unserved for direct lending, and that the increased competition from the CDB will make it more difficult for the VSBFA to use its Federal funds, putting those funds at greater risk of loss to the Commonwealth. The Board further recommended amendments to HB 2061 for the Governor's consideration. Mr. Eisenman abstained from the vote. Mr. Parsons' detailed PowerPoint presentation is hereby incorporated in the minutes. The Board's letter to Governor Warner is hereby incorporated into the minutes.

- VIII. The meeting was adjourned.